

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name		County
Fiscal Year End	Opinion Date		Date Audit Report Submitted to State	

We affirm that:

We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

YES
NO

Check each applicable box below. (See instructions for further detail.)

1. ☐ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
2. ☐ ☐ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
3. ☐ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
4. ☐ ☐ The local unit has adopted a budget for all required funds.
5. ☐ ☐ A public hearing on the budget was held in accordance with State statute.
6. ☐ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
7. ☐ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
8. ☐ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
9. ☐ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
10. ☐ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
11. ☐ ☐ The local unit is free of repeated comments from previous years.
12. ☐ ☐ The audit opinion is UNQUALIFIED.
13. ☐ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
14. ☐ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
15. ☐ ☐ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

We have enclosed the following:	Enclosed	Not Required (enter a brief justification)		
Financial Statements	<input type="checkbox"/>			
The letter of Comments and Recommendations	<input type="checkbox"/>			
Other (Describe)	<input type="checkbox"/>			
Certified Public Accountant (Firm Name)		Telephone Number		
Street Address		City	State	Zip
Authorizing CPA Signature <i>Hennrich A. Berthiaume</i>		Printed Name		License Number

RICHLAND TOWNSHIP

Ogemaw County, Michigan

FINANCIAL STATEMENTS

March 31, 2008

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**BERTHIAUME
& COMPANY**

Certified Public Accountants



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INDEPENDENT AUDITORS' REPORT

To the Township Board
Richland Township, Michigan

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Richland Township as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Richland Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, the major fund, and the aggregate remaining fund information of Richland Township, Michigan, as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The budgetary comparison schedule is not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Richland Township's basic financial statements. The accompanying other supplemental information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not present a management's discussion and analysis, which would be an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be part of, the basic financial statements.

Berthiaume & Co.

August 20, 2008

BASIC FINANCIAL STATEMENTS

RICHLAND TOWNSHIP

STATEMENT OF NET ASSETS

March 31, 2008

Assets:

Cash and cash equivalents	\$ 240,970
Taxes receivable	2,658
Special assessments receivable	1,452
Due from other governmental units	8,377
Capital assets:	
Nondepreciable capital assets	80,000
Depreciable capital assets, net	<u>368,634</u>
Total assets	<u>702,091</u>

Liabilities:

Accounts payable	4,561
Accrued expenses	5,000
Long-term liabilities:	
Due within one year	11,667
Due in more than one year	<u>116,668</u>
Total liabilities	<u>137,896</u>

Net assets

Invested in capital assets, net of related debt	320,299
Unrestricted	<u>243,896</u>
Total net assets	<u>\$ 564,195</u>

The accompanying notes are an integral part of these financial statements.

RICHLAND TOWNSHIP

STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

	<u>Program Revenues</u>			
		<u>Charges for</u>	<u>Operating</u>	<u>Net</u>
<u>Expenses</u>		<u>Services</u>	<u>Grants and</u>	<u>(Expense)</u>
			<u>Contributions</u>	<u>Revenue</u>
<i>Functions/Programs</i>				
PRIMARY GOVERNMENT:				
<i>Governmental activities:</i>				
General government	\$ 70,469	\$ 12,559	\$ 4,288	\$ (53,622)
Public works	27,212	1,224	2,358	(23,630)
Recreation and culture	48,846	48,338	-	(508)
Interest on long-term debt	<u>5,333</u>	<u>-</u>	<u>-</u>	<u>(5,333)</u>
Total governmental activities	<u>151,860</u>	<u>62,121</u>	<u>6,646</u>	<u>(83,093)</u>
<i>General revenues:</i>				
Taxes:				
Property taxes, levied for general purpose				32,585
Grants and contributions not restricted to specific programs				45,811
Unrestricted investment earnings				3,079
Miscellaneous				<u>12</u>
Total general revenues				<u>81,487</u>
Change in net assets				(1,606)
Net assets, beginning of year				<u>565,801</u>
Net assets, end of year				\$ 564,195

The accompanying notes are an integral part of these financial statements.

RICHLAND TOWNSHIP

GOVERNMENTAL FUND

BALANCE SHEET

March 31, 2008

	<i>General Fund</i>
Assets:	
Cash and cash equivalents	\$ 240,970
Taxes receivable	2,658
Special assessments receivable	1,452
Due from other governmental units	<u>8,377</u>
 Total assets	 <u>\$ 253,457</u>
 Liabilities and Fund Balances:	
<i>Liabilities:</i>	
Accounts payable	\$ 4,562
Accrued expenses	<u>2,158</u>
 Total liabilities	 <u>6,720</u>
 <i>Fund Balance:</i>	
Unreserved:	
Designated	180,888
Undesignated	<u>65,849</u>
 Total fund balances	 <u>246,737</u>
 Total liabilities and fund balances	 <u>\$ 253,457</u>

The accompanying notes are an integral part of these financial statements.

RICHLAND TOWNSHIP

RECONCILIATION OF FUND BALANCE OF GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

March 31, 2008

Total fund balances for governmental funds \$ 246,737

Total net assets reported for governmental activities in the statement of
of net assets is different because:

Capital assets used in governmental activities are not financial resources
and therefore are not reported in the governmental funds.

Governmental capital assets	510,461	
Less accumulated depreciation	<u>(61,827)</u>	448,634

Interest payable in the governmental activities are not payable from
current resources and therefore are not reported in the governmental
funds. (2,841)

Long-term liabilities are not due and payable in the current year and
therefore are not reported in the governmental funds:

Installment purchase contracts	<u>(128,335)</u>	<u>(128,335)</u>
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Net assets of governmental activities \$ 564,195

The accompanying notes are an integral part of these financial statements.

RICHLAND TOWNSHIP

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

Year Ended March 31, 2008

	<i><u>General Fund</u></i>
Revenues:	
Property taxes	\$ 32,585
Licenses and permits	12
State grants	51,207
Charges for services	38,547
Interest and rents	5,779
Other revenue	<u>22,123</u>
 Total revenues	 <u>150,253</u>
Expenditures:	
<i>Current:</i>	
General government	59,798
Public works	27,212
Recreation and culture	46,143
Other	2,469
Capital outlay	6,144
Debt service	
Principal	11,667
Interest and fees	<u>5,582</u>
 Total expenditures	 <u>159,015</u>
 Net change in fund balances	 (8,762)
 Fund balances, beginning of year	 <u>255,499</u>
 Fund balances, end of year	 <u><u>\$ 246,737</u></u>

The accompanying notes are an integral part of these financial statements.

RICHLAND TOWNSHIP

RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year Ended March 31, 2008

Net change in fund balances - total governmental funds \$ (8,762)

Total change in net assets reported for governmental activities in the statement of activities is different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is depreciated over their estimated useful lives and reported as depreciation expense.

Capital outlay	6,144	
Less depreciation expense	<u>(10,905)</u>	(4,761)

Repayments of principal on long-term debt are expenditures in governmental funds, but the payments reduce long-term liabilities in the statement of net assets. 11,667

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in accrued interest on bonds payable	<u>250</u>
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Change in net assets of governmental activities \$ (1,606)

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS

RICHLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

March 31, 2008

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Richland Township conform to accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

Reporting Entity:

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township. In evaluating the Township as a reporting entity, management has addressed all potential component units (traditionally separate reporting entities) for which the Township may be financially accountable and, as such, should be included within the Township's financial statements. The Township (the primary government) has no component units and accordingly, the Township has not consolidated any entities into its financial statements.

Joint Venture:

The Township participates as a member of the Richland-Logan Fire Authority.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

The accounts of the Township are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Government-wide Financial Statements:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The statement of net assets and the statement of activities report information on all of the nonfiduciary activities of the primary government. These statements distinguish between activities that are governmental and those that are business-type activities. There are no business-type activities.

The statement of net assets presents governmental activities on a consolidated basis, using the economic resources measurement focus and accrual basis of accounting. This method recognizes all long-term assets and receivables as well as long-term debt and obligations. The Township's net assets are reported in two parts (1) invested in capital assets and (2) unrestricted net assets. The Township first utilizes restricted resources to finance qualifying activities.

RICHLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

The statement of activities reports both the gross and net cost of each of the Township's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues, fines, permits and charges, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources and federal sources, interest income, etc.). The Township does not allocate indirect costs. In creating the government-wide financial statements the Township has eliminated interfund transactions.

The government-wide focus is on the sustainability of the Township as an entity and the change in the Township's net assets resulting from current year activities.

Fund Financial Statements:

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, franchise fees, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Fiduciary funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Fiduciary funds are accounted for on a spending or economic resources measurement focus and the accrual basis of accounting.

The Township reports the following major governmental funds:

The **General Fund** is the primary operating fund of the Township. It is used to account for all financial resources, except for those required to be accounted for in another fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do no conflict with or contradict guidance of the Governmental Accounting Standards Board.

RICHLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

Assets, Liabilities and Equity:

Deposits and Investments – Cash and cash equivalents include cash on hand, demand deposits, certificates of deposit and short term investments with a maturity of three months or less when acquired. Investments, if any, are stated at fair value.

Capital Assets – Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair market value at the date of donation. The Township defines capital assets as assets with an initial individual cost in excess of \$500. Costs of normal repair and maintenance that do not add to the value or materially extend asset lives are not capitalized. Public domain (infrastructure) assets (e.g., roads, bridges, sidewalks and other assets that are immovable and of value only to the government) are capitalized if acquired after April 1, 2004. Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	20-50 years
Furniture and equipment	5-10 years

Compensated Absences – The Township does not allow the carryover of unused sick or vacation days. Therefore, no liability has been recorded in the government-wide financial statements.

Long-term Obligations – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net assets.

Fund Equity – In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Eliminations and Reclassifications:

In the process of aggregating data for the statement of net assets and the statement of activities, some amounts reported as interfund activity and balances in the funds were eliminated or reclassified. Interfund receivables and payables were eliminated to minimize the “grossing up” effect on assets and liabilities within the governmental activities column.

Property Taxes:

Properties are assessed as of December 31 and the related property taxes are attached as an enforceable lien on December 1 of the following year. These taxes are due on or before February 14 with the final collection date of February 28 before they are added to the county tax rolls. The 2007 taxable valuation of the Township totaled \$30,914,841 on which ad valorem taxes levied consisted of .8036 mills for the Township’s operating purposes.

RICHLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The Township Clerk submits to the Township Board a proposed operating budget. The operating budget includes proposed expenditures and the means of financing them.
2. A public hearing is conducted to obtain taxpayer comments.
3. Prior to April 1, the budget is legally enacted by adoption of the Township Board.
4. Any revision that alters the total expenditures must be approved by the Township.
5. Formal budgetary integration is employed as a management control device during the year.
6. Governmental fund budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. A comparison of actual results of operations to the General Fund budget as originally adopted and amended by the Township Board is included in the required supplemental information.
7. All annual appropriations lapse at fiscal year end.

Excess of Expenditures over Appropriations in Budgeted Funds:

During the year, the Township did not incur expenditures that were materially in excess of the amounts budgeted.

NOTE 3: DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency of instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Custodial Credit Risk of Bank Deposits:

Custodial credit risk is the risk that in the event of a bank failure, the Township's deposits may not be returned. The Township does not have a deposit policy for custodial credit risk. At year-end, the Township had \$242,945 of bank deposits (certificates of deposit, checking, and savings accounts), of which \$101,576 was covered by federal depository insurance and the remainder was uninsured and uncollateralized. At year end, the Township had no investments.

RICHLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

NOTE 4: CAPITAL ASSETS

Governmental activities capital asset activity for the year ended March 31, 2008 was as follows:

	<i><u>April 1,</u></i> <i><u>2007</u></i>	<i><u>Additions</u></i>	<i><u>Retirements</u></i>	<i><u>March 31,</u></i> <i><u>2008</u></i>
Governmental activities:				
Nondepreciable capital assets:				
Land	<u>\$ 80,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 80,000</u>
Depreciable capital assets:				
Land improvements	45,678	-	-	45,678
Buildings and improvements	326,189	-	-	326,189
Furniture and equipment	<u>52,450</u>	<u>6,144</u>	<u>-</u>	<u>58,594</u>
Total depreciable capital assets	424,317	6,144	-	430,461
Accumulated depreciation	<u>(50,922)</u>	<u>(10,905)</u>	<u>-</u>	<u>(61,827)</u>
Depreciable capital assets, net	<u>373,395</u>	<u>(4,761)</u>	<u>-</u>	<u>368,634</u>
Governmental activities, capital assets, net	<u><u>\$ 453,395</u></u>	<u><u>\$ (4,761)</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 448,634</u></u>

Depreciation expense was charged to functions as follows:

Governmental activities:	
General government	\$ 8,202
Public safety	<u>2,703</u>
Total governmental activities	<u><u>\$ 10,905</u></u>

NOTE 5: DESIGNATED FUND BALANCE

The fund balance of the general fund is designated for the following items:

Roads	\$ 123,042
Hardwood Lake improvements	55,974
Dust Control	1,058
Gypsy Moth control	<u>814</u>
	<u><u>\$ 180,888</u></u>

RICHLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

NOTE 6: LONG-TERM LIABILITIES

The Township has an installment purchase contract payable that was used to finance the construction of the Township hall. Installment contracts are general obligations, which are direct obligations of the government and pledge the full faith and credit of the Township.

Long-term liabilities at March 31, 2008 consisted of the following:

<u><i>Types of Indebtedness</i></u>	<u><i>Maturity</i></u>	<u><i>Interest Rate</i></u>	<u><i>Annual Principal Installments</i></u>	<u><i>Original Loan Amount</i></u>	<u><i>Outstanding at Year-End</i></u>
<u>Governmental Activities</u>					
<i>Installment Purchase Contracts Payable:</i>					
2003 Contract - Township Hall	9/10/08-9/10/18	3.99%	\$ 11,667	\$ 175,000	\$ 128,335

The following is a summary of long-term liabilities transactions for the year ended March 31, 2008:

	<u><i>Beginning Balance</i></u>	<u><i>Additions</i></u>	<u><i>Retirements</i></u>	<u><i>Ending Balance</i></u>	<u><i>Due Within One Year</i></u>
Governmental activities:					
<i>Installment Purchase Contracts Payable:</i>					
2003 Contract - Township Hall	\$ 140,002	\$ -	\$ (11,667)	\$ 128,335	\$ 11,667

Annual debt service requirements to maturity for the above contractual obligations are as follows:

<u><i>Year Ended March 31,</i></u>	<u><i>Governmental Activities</i></u>		
	<u><i>Principal</i></u>	<u><i>Interest</i></u>	<u><i>Total</i></u>
2009	\$ 11,667	\$ 5,134	\$ 16,801
2010	11,667	4,655	16,322
2011	11,667	4,190	15,857
2012	11,667	3,724	15,391
2013	11,667	3,267	14,934
2014-2018	58,333	9,314	67,647
2019	11,667	466	12,133
	<u>\$ 128,335</u>	<u>\$ 30,750</u>	<u>\$ 159,085</u>

RICHLAND TOWNSHIP

NOTES TO FINANCIAL STATEMENTS, CONTINUED

March 31, 2008

NOTE 7: RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims resulting from these risks have not exceeded the amount of insurance coverage in the past three fiscal years.

NOTE 8: EMPLOYEE RETIREMENT AND BENEFIT SYSTEMS

Pension Plan:

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes a percentage of each covered employee's wages to the plan. Pension expense for the fiscal year ended March 31, 2008 was \$1,459.

Post Employment Benefits:

The Township provides no post employment benefits to its retirees.

Deferred Compensation Plan:

The Township has no deferred compensation plan.

REQUIRED SUPPLEMENTAL INFORMATION

RICHLAND TOWNSHIP

GENERAL FUND

BUDGETARY COMPARISON SCHEDULE

Year Ended March 31, 2008

	<i><u>Budgeted Amounts</u></i>			<i><u>Actual</u></i>
	<i><u>Original</u></i>	<i><u>Final</u></i>	<i><u>Actual</u></i>	<i><u>Over (Under)</u></i>
				<i><u>Final Budget</u></i>
Revenues:				
Property taxes	\$ 63,200	\$ 63,200	\$ 32,585	\$ (30,615)
Licenses and permits	-	-	12	12
State grants	113,260	113,260	51,207	(62,053)
Charges for services	34,300	34,300	38,547	4,247
Interest and rents	3,703	3,703	5,779	2,076
Other revenue	<u>23,500</u>	<u>23,500</u>	<u>22,123</u>	<u>(1,377)</u>
 Total revenues	<u>237,963</u>	<u>237,963</u>	<u>150,253</u>	<u>(87,710)</u>
 Expenditures:				
<i>Current:</i>				
General government	65,850	65,850	59,798	(6,052)
Public works	50,500	43,500	27,212	(16,288)
Community and economic development	100	100	-	(100)
Recreation and culture	53,000	53,000	46,143	(6,857)
Other	5,000	5,000	2,469	(2,531)
Capital outlay	-	7,000	6,144	(856)
Debt service				
Principal	11,700	11,700	11,667	(33)
Interest and fees	<u>6,000</u>	<u>6,000</u>	<u>5,582</u>	<u>(418)</u>
 Total expenditures	<u>192,150</u>	<u>192,150</u>	<u>159,015</u>	<u>(33,135)</u>
 Excess (deficiency) of revenues over expenditures	45,813	45,813	(8,762)	(54,575)
 Fund balance, beginning of year	<u>255,499</u>	<u>255,499</u>	<u>255,499</u>	<u>-</u>
 Fund balance, end of year	<u>\$ 301,312</u>	<u>\$ 301,312</u>	<u>\$ 246,737</u>	<u>\$ (54,575)</u>

OTHER SUPPLEMENTAL INFORMATION

RICHLAND TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF REVENUES

Year Ended March 31, 2008

Current taxes:

Property taxes	\$ 24,432
Administration fees	8,153
	<u>32,585</u>

Licenses and permits:

Nonbusiness licenses and permits	<u>12</u>
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State grants:

Summer tax collection reimbursement	3,038
State revenue sharing - sales tax	45,811
Metro Act	2,358
	<u>51,207</u>

Charges for services:

Refuse collection fees	1,134
Campground fees	28,382
Cemetery fees	3,750
Copies	15
Other	5,266
	<u>38,547</u>

Interest and rents:

Interest	3,079
Rents	2,700
	<u>5,779</u>

Other revenue:

Special assessments	20,045
Contributions and donations	1,250
Reimbursements	525
Other	303
	<u>22,123</u>

Total revenues	<u><u>\$ 150,253</u></u>
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RICHLAND TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES

Year Ended March 31, 2008

General Government:

Board:

Personnel	\$ 2,783
Supplies	268
Contracted services	543
Transportation	353
Dues and memberships	645
Printing and publications	107
Insurance	1,269
Other	1,789
	<u>7,757</u>

Supervisor:

Personnel	4,570
Supplies	39
Transportation	177
Conferences and workshops	75
	<u>4,861</u>

Clerk:

Personnel	5,429
Supplies	40
Transportation	125
	<u>5,594</u>

Board of Review:

Personnel	965
Supplies	43
Conferences and workshops	255
Printing and publications	121
	<u>1,384</u>

Treasurer:

Personnel	5,820
Supplies	1,244
Contracted services	3,489
Transportation	135
	<u>10,688</u>

RICHLAND TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2008

General Government, continued:

Assessor:

Contracted services	9,272
Other	400
	<u>9,672</u>

Elections:

Personnel	1,847
Supplies	1,061
Transportation	75
Printing and publications	134
Other	98
	<u>3,215</u>

Building and Grounds:

Personnel	300
Supplies	792
Contracted services	1,972
Telephone	527
Insurance	786
Utilities	3,189
Repairs and maintenance	340
Other	1,397
	<u>9,303</u>

Cemetery:

Supplies	489
Contracted services	5,840
Insurance	995
	<u>7,324</u>

Total general government	<u>59,798</u>
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RICHLAND TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2008

Public Works:

Roads:

Contracted services	<u>16,925</u>
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Street Lighting:

Utilities	<u>1,346</u>
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Refuse:

Personnel	1,204
Contracted services	2,221
Insurance	<u>656</u>
	<u>4,081</u>

Dust control:

Contracted services	<u>4,860</u>
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Total public works	<u>27,212</u>
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Recreation and Culture:

Campground and Lake:

Personnel	5,108
Supplies	3,164
Contracted services	25,177
Telephone	528
Transportation	21
Printing and publications	768
Insurance	3,172
Utilities	2,972
Repairs and maintenance	(25)
Other	<u>1,132</u>
	<u>42,017</u>

RICHLAND TOWNSHIP

GENERAL FUND

DETAILED SCHEDULE OF EXPENDITURES, CONTINUED

Year Ended March 31, 2008

Recreation and Culture, continued:

Library:

Personnel	240
Telephone	1,104
Utilities	1,859
Repairs and maintenance	561
Other	362
	<u>4,126</u>
Total recreation and culture	<u>46,143</u>

Other:

Retirement	1,459
Payroll taxes	1,010
	<u>2,469</u>
Total other	<u>2,469</u>

Capital Outlay:

Recreation and culture	<u>6,144</u>
Total capital outlay	<u>6,144</u>

Debt Service:

Principal	11,667
Interest	5,582
	<u>17,249</u>

Total debt service	<u>17,249</u>
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Total expenditures	<u>\$ 159,015</u>
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RICHLAND TOWNSHIP

FIDUCIARY FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

March 31, 2008

	<u>April 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>March 31, 2008</u>
<u>Current Tax Collection Fund</u>				
Assets				
Cash and cash equivalents	<u>\$ 1,483</u>	<u>\$ 817,832</u>	<u>\$ 819,315</u>	<u>\$ -</u>
Liabilities				
Undistributed tax collection	<u>\$ 1,483</u>	<u>\$ 817,832</u>	<u>\$ 819,315</u>	<u>\$ -</u>

RICHLAND TOWNSHIP

SCHEDULE OF INDEBTEDNESS

March 31, 2008

INSTALLMENT PURCHASE CONTRACT

Original contract amount	\$	175,000
Less:		
Principal paid in prior years		(34,999)
Principal paid in current year		<u>(11,666)</u>
Balance payable at March 31, 2008	\$	<u>128,335</u>

Balance payable as follows:

<u>Fiscal Year</u> <u>Ended</u> <u>March 31,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u> <u>Due</u>	<u>Interest</u> <u>Due</u>	<u>Total</u> <u>Annual</u> <u>Requirement</u>
2009	3.990%	\$ 11,667	\$ 5,134	\$ 16,801
2010		11,667	4,655	16,322
2011		11,666	4,190	15,856
2012		11,667	3,724	15,391
2013		11,667	3,267	14,934
2014		11,667	2,794	14,461
2015		11,667	2,327	13,994
2016		11,667	1,862	13,529
2017		11,666	1,400	13,066
2018		11,667	931	12,598
2019		<u>11,667</u>	<u>466</u>	<u>12,133</u>
		<u>\$ 128,335</u>	<u>\$ 30,750</u>	<u>\$ 159,085</u>



REQUIRED COMMUNICATION TO RICHLAND TOWNSHIP IN ACCORDANCE WITH PROFESSIONAL STANDARDS

To the Township Board
Richland Township

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Richland Township for the year ended March 31, 2008, and have issued our report thereon dated August 20, 2008. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated January 8, 2008, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our engagement letter.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Richland Township are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no sensitive estimates affecting the financial statements.

Disclosures

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures may be particularly sensitive because of their significance to financial statement users.

Difficulties Encountered in Performing the Audit

We encountered no difficulties in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements, if any.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated August 22, 2008.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Discussions with Management

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of Richland Township as of and for the year ended March 31, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered Richland Township's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Municipality's internal control. Accordingly, we do not express an opinion on the effectiveness of the Municipality's internal control.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Municipality's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that misstatement of the Municipality's financial statements that is more than inconsequential will not be prevented or detected by the Municipality's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Municipality's internal control.

Our consideration of internal control was for the limited purpose described in the first paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses as defined above.

Deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above, follow:

Recording, Processing and Summarizing Accounting Data

Criteria: All governmental units are required to have in place internal controls over recording, processing, summarizing accounting data and preparing financial statements. SAS No. 112 requires us to communicate with you about this.

Conditions: As is the case with many smaller and medium-sized entities, the government has historically relied on its independent external auditors to assist in the recording, processing, summarizing accounting data and preparing financial statements as part of its external financial reporting process. Accordingly, the government has placed reliance on its external auditors, who cannot by definition be considered a part of the government's internal controls.

Cause: This condition was caused by the government's decision that it is more cost effective to have external auditors recommend the necessary adjusting journal entries to its general ledger and prepare the financial statements than to incur the time and expense for the government to perform these tasks internally.

Effect: As a result of this condition, the government lacks internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and instead relied, in part, on its external auditors for assistance with this task.

View of Responsible Officials: The government has evaluated the cost versus benefit of establishing internal controls over the recording, processing, summarizing accounting data and preparing financial statements, and determined that it is in the best interests of the government to rely on its external auditors to recommend the necessary adjustments and preparation of the financial statements.

This communication is intended solely for the information and use of management, Township Board, and others within the Municipality, and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Berthiaume & Co.

Berthiaume & Company
Certified Public Accountants
Saginaw, Michigan

August 20, 2008